

Micronesia in Review: Issues and Events,
1 July 1989 to 30 June 1990

Reviews of Guam and Marshall Islands are not included in this issue because of unforeseen circumstances.

BELAU

The Operation Fruit Bat drug raid, revelations about the illegal activities of the Salii administration, the political status issue, youth suicide, and economic growth were the main issues in Belau during the year under review.

On the night of 11 July 1989 the US Drug Enforcement Agency swept into Belau and arrested eleven men on charges of importing, distributing, and using heroin and marijuana. The group included former national congressmen Frank Asanuma and Hokkons Baules, as well as Melwert Tmetuchl, son of Belau businessman and unsuccessful presidential candidate Roman Tmetuchl. Several other Belauans were arrested on Guam. The group was part of a huge drug network that extended to Asia and the US mainland. Each of the Belauans pleaded guilty to charges of conspiracy to import or distribute illegal drugs and received prison terms varying from two to twelve years. The guilty pleas of Baules and Asanuma, close associates of the late President Salii, vindicated earlier charges that highly placed government officials were involved in the narcotics trade.

A month after the drug bust, the investigative arm of the US Congress, the General Accounting Office (GAO), released a report commissioned by Congressmen Udall, de Lugo, and

Miller of the Committee on Interior and Insular Affairs. The committee had run into the strong opposition of the departments of State and Interior and several other congressional committees over its refusal to approve the Compact of Free Association until allegations of intimidation, violence, drug use, and trafficking, were investigated. After Operation Fruit Bat and the publication of the report, which indicated that many of the allegations had a factual basis, Congressman de Lugo reintroduced legislation to implement the compact, and US Public Law 101-219 was signed into law on 12 December 1989.

In Belau, compact revitalization work was carried out by the Commission on Future Palau-US Relations in the latter half of 1989. This twenty-two-member group, chaired by Vice President Nakamura, critiqued the compact document in village meetings throughout Belau, negotiated a number of improvements with the US State Department, and carried out a political education campaign. President Etpison sponsored legislation calling for a seventh referendum on the compact and united Belau's leadership behind the significantly enhanced document. However, the February 1990 referendum on the compact was a disappointment, with only 61 percent of the electorate voting in favor of adoption, far short of the 75 percent required by the constitution. It seems that the new sense of unity had faded by the time the

vote took place, and that many people were simply tired of compact referenda. The voter turnout was only 69 percent, the lowest in seven votes on the issue. Also, the *Ta Belau* party, which was formed in September 1987 to support the reelection of Salii, reversed its consistent support for the compact and voted no. Other former compact supporters turned against it because they favored amending the constitution to allow nuclear transit rights through a simple majority vote.

Attitudes toward the political status issue went in opposite directions after this seventh failure to achieve a 75 percent approval vote. Chair of the Senate Committee on Foreign Affairs Minuro Ueki led a petition drive for a three-year moratorium on further political status actions, arguing that Belauans need time "to let the dust of division settle and allow us to clearly see and determine where we want to go, and to rationally consider the alternatives in a relaxed and non-coercive atmosphere." More than one thousand people signed the petition, which was sent to President Bush, congressional leaders, and the United Nations.

Many senators in Belau see a constitutional convention as the best method for dealing with the status question. However, officials in Washington seem to favor a three-step process, with voters first asked to approve the idea of accepting the Compact of Free Association via a constitutional amendment. If this vote were positive, the constitution would be amended to allow a simple majority to approve US nuclear transit rights. Finally, the eighth referendum would be held, and the compact approved by a simple majority vote.

During the year, a joint Special Investigative Committee on Police Procedures heard some damaging testimony about the Salii regime while probing alleged corruption in the higher ranks of the police force. The information was in a letter from Senate President Koshiba and House Speaker Kyota to Assistant Secretary of Interior Stella Guerra. The letter indicated that certain policemen had details about the killers of Bedor Bins, about President Salii and his staff's involvement in illegal importation of firearms, and about Mr Salii's offer to promote a police officer if he killed two national congressmen who vigorously opposed him (*Guam Tribune*, 2 Mar 1990, 4).

President Etpison struggled throughout the period under review. He was soundly criticized for what were viewed as irresponsible and politically motivated pardons of convicted individuals. He failed to get the Senate to endorse new heads for the four major ministries and was unable to move forward on the political status question. His less-than-positive reputation as a leader is further burdened by several advisers who have been associated with the darker aspects of the Salii administration. Etpison was also hurt by an ill-conceived scheme to build a second airport and ancillary road system costing \$100 million. He pushed this venture, which involved governments of three small states on Babeldaob, despite resistance from local authorities in his home state of Ngatpang, as well as serious questioning from the national congress and the US government. By mid 1990, the Japanese investor, Copros Japan Company, had serious doubts about both the via-

bility of the project and Mr Etpison's integrity. Once again a president of Belau was having major problems that generated talk of corrupt activities and impeachment.

Youth suicide has been relatively rare in Belau compared to Chuuk (Truk) and the Marshall Islands. However, during a six-month period three youths under twenty years of age (two males and one female) committed suicide. All of them were adopted and had experienced some emotional trauma. According to Dr Polloi, Belau's mental health specialist, the incidence of child abuse, divorce, alcoholism, and family feuding has increased. Roles for youth, especially males, have eroded and they have little to absorb their energies except occasional sport activity. Most people are deeply concerned about these issues.

Economically, Belau did well during the period under review. For the first time since self-government in 1981, the government finished the fiscal year without a deficit. The private sector boomed, especially in local construction and tourism. In 1989 more than 26,000 tourists came to Belau, nearly half from Japan. The rush of visitors accelerated small business development, especially in diving, hotel, video shops, restaurants, and transport. Another 4000 people visited Belau for business and employment. Some 13 percent of the total population are foreign workers with valid work permits. Most are from the Philippines and work in construction, restaurants, and as domestic helpers. Concern for the cultural changes that significant numbers of Philippine residents could bring

to Belau pales in comparison with the explosive events in its political arena.

DONALD R. SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

On 9 January 1990, Lorenzo I. Guerrero was sworn in as governor of the Commonwealth of the Northern Mariana Islands, after easily defeating the Democratic candidate, Froilan T. Tenorio, in the elections of 4 November 1989. Guerrero's running mate, Benjamin T. Manglona helped to assure victory by carrying a majority of the Rota vote for the Republicans. Tenorio may have lost votes because of his plans to privatize many government services and centralize the elementary school system on Saipan.

After the elections, Senators Jose P. Mafnas and Jose Inos both claimed the position of president of the Senate. Inos took the podium alongside Mafnas during the swearing-in ceremony, causing a scuffle during which Inos was shoved down the podium steps by Mafnas supporters and thrown to the ground. The incident was covered by the local cable television station and received wide coverage in the press. Mafnas took Inos to court, but Inos was eventually declared the legitimate president.

The proposed referendum on the covenant establishing the commonwealth did not eventuate. Then Governor Pedro P. Tenorio kept it off the November ballot by arguing that satisfactory progress had been made to resolve differences with the United

States, avoiding the possibility of an embarrassing repudiation of his administration's assertive approach to these negotiations.

The determination that citizens of the freely associated states (Marshall Islands and Federated States of Micronesia) could freely enter the Northern Marianas and be counted as local hires added a new element to the already difficult issue of alien labor. Growing numbers of workers from places like Chuuk (Truk) and Pohnpei are not counted at the port of entry, can bring their families, and are frequently not provided housing by their employers. Furthermore, there is no reciprocity between the Northern Marianas and the freely associated states, and citizens of the Northern Marianas, as US citizens, are not free to enter and do business in the freely associated states. Legislation introduced in April 1990 would require citizens of the freely associated states to register upon entering the Northern Marianas, and should help planners assess the scope of the problem and its implications for the delivery of social services. During the April 1990 "902" discussions, the Commonwealth of the Northern Marianas sought federal impact funds to compensate for the services provided to citizens of the freely associated states.

The growing alien population has not only caused resentment among the local population, but has put considerable strain on public utilities. The electric power problems of 1988-89 were largely solved by the installation of new generators, but sewerage and water problems increased during the

year under review. By the middle of 1990 the utilities commission was allowing 1.7 million gallons of raw sewage per day to be dumped in the Saipan lagoon, and was looking for money to upgrade the whole system. Some communities on Saipan were receiving only one hour of water a day. New wells have been dug and pipes strung around the island, but the demand continues to grow. Furthermore, much of the water must be treated before consumption, and purifying water has become a growing industry.

During the November 1989 elections, the people of Tinian passed a controversial law permitting the establishment of up to five casinos, each to be accompanied by a three-hundred-room hotel. The earliest a casino could be in operation would be five years, and a commonwealth-wide referendum could put a stop to the development in the interim. But if the plans proceed, Tinian's population of less than 2000 will be swamped by an influx of more than 3750 workers, almost all the necessary infrastructure will have to be provided, and *yakuza* involvement cannot be ruled out.

Land values on Tinian skyrocketed after the law was approved. By April, close to fifty families had reportedly received more than a million dollars each from land sales. Among those who cashed in were educators, many of whom simply walked off their underpaid teaching jobs. The schools were forced to operate with the assistance of teaching aides for the balance of the school year. Many students whose families had become rich overnight

began to question the value of continuing their studies.

Discussions based on Article 902 of the covenant got underway again in early April 1990. Tim Glidden, special assistant to the secretary of the Interior, was the US representative to the talks, and Lieutenant Governor Benjamin Manglona headed the commonwealth team. Both sides agreed that there had been significant progress on the issues, which included internal self-government, the impact of migration from the freely associated states, exclusive economic zones, and the jurisdiction of federal agencies and laws. Glidden returned to Washington with some twelve agreements and jointly drafted statements for the White House. The remaining major issue concerns the applicability in the Northern Marianas of the "territorial clause" of the US Constitution, which gives Congress the right to govern US territories almost directly. It appears that the issue will be resolved in the courts.

The delegation from the Northern Marianas appeared at the United Nations Trusteeship Council session in May 1990, repeating their contention of 1989 that the trusteeship agreement had not been officially terminated and still applied to the commonwealth. They urged the council not to terminate until certain conditions had been met, and sought permanent access to the council to assure US compliance with the provisions of the covenant. The council, in turn, repeated its earlier recommendation that differences should be resolved through the bilateral provisions of the status agreement with the United States.

The Ninth Circuit Court of Appeals

issued an opinion during the year that Article XII of the commonwealth constitution (restricting land ownership to persons of Northern Marianas descent) was not unconstitutional. The newly created commonwealth Supreme Court was pleased with this decision, but disputed the federal court's jurisdiction to hear land cases. The general uncertainty over land transactions, especially those involving persons of non-Marianas descent, had a chilling effect on new investment in the islands during 1989-90.

SAMUEL F. MCPHETRES

FEDERATED STATES OF MICRONESIA

On the third anniversary of the implementation of its Compact of Free Association with the United States, the government of the Federated States of Micronesia moved into an impressive new nine-building complex in Palikir, Pohnpei. At the dedication ceremony on 3 November 1989, speakers offered glowing words about the unity of the federation. President John R. Haglelgam said that the new capital represents the "living symbol of our common wish to live together in peace and harmony as a unified and independent nation," while Congress Speaker Jack Fritz spoke of reaffirming "our earlier commitment to come together and unite as one people under one government." Fritz prayed that the "deliberations and decisions" of the fourteen-member national Congress "will be worthy of our fine new surroundings." For two days, Micronesians from the four scattered and culturally distinct

island states of Chuuk (Truk), Kosrae, Pohnpei, and Yap celebrated their unity as a people and their political independence from the United States. Yap state had magnanimously composed a special "unity" dance for the celebration.

On 9 January 1990, Micronesians went to the polls to select delegates to the constitutional convention scheduled to begin in Palikir on 16 July 1990. The purpose of the convention is to revise or amend the ten-year-old FSM constitution, which some believe to have been compromised at its inception in 1975 by the presence of delegates from other parts of the Trust Territory of the Pacific Islands. Among the political heavyweights elected to the thirty-one-delegate convention were first FSM President Tosiwo Nakayama (Chuuk), first Speaker Bethwel Henry (Pohnpei), Kosrae Governor Yosiwo George, Pohnpei Governor Resio Moses, FSM Senator Leo Falcam (Pohnpei), and Chuuk Chief Justice Soukichi Fritz.

Some quite radical amendments have been mooted, particularly by Pohnpei leaders who make no secret of their dissatisfaction with the federation. But the chances of any of the amendments surviving the strenuous approval provisions are remote.

One of the most significant political milestones of 1989-90 was the nomination in May of the first Micronesian justice to the FSM Supreme Court since its establishment in 1981. If confirmed, Andon Amaraich, well-respected first secretary of External Affairs, and former Status Commission chairman, will join Chief Justice Edward King and

Associate Justice Richard Benson on the nation's highest bench. This may cause the Supreme Court to be seen more clearly as a Micronesian rather than an expatriate institution, and will perhaps make it a less easy target for politicians to rail against.

FSM leaders are increasingly aware of the need for economic development and increasingly willing to look to outside investors for assistance, although many fear that their way of life may be changed by outside influences. Yap's experience with the FSM's first garment factory is being watched carefully by the other states. In the summer of 1989, young Sri Lankan women began arriving in Yap to work for Kingtex FSM, a joint venture between Yapese Frank Fleounug and Kingtex, a Taiwanese corporation with operations in Sri Lanka, Singapore, and Taiwan. Although Yap state did not put up any cash for the \$2 million prefabricated building, it did clear the land, level the site, build the access road, and connect sewage and water lines. State officials estimated the factory would bring in about \$250,000 per year in revenue for the state and employ about one hundred Yapese women, plus a few Yapese men. Kingtex FSM will pay a 1 percent excise tax on the raw materials it imports, along with a 3 percent gross receipts tax. The hundreds of workers will pay 6 percent income tax on their salaries, which will average about \$3000 a year.

Pohnpei state also was courted by the owners of the garment factory. Governor Resio Moses approved the foreign investment permit, and the state Foreign Investment Board required that local ownership of at least

20 percent be established within two years and that Pohnpeians constitute 80 percent of the work force within seven years. In the meantime, two foreign labor bills were introduced in the national congress by three Pohnpeian senators, accompanied by a Chuukese senator on one of the bills. These would have declared a moratorium on foreign labor in 1990 and set a quota of fifty workers from any one nation. The foreign partners then pulled out of the deal, citing a negative "political climate and business environment" in Pohnpei. Officials in Sokehs municipality were not happy with the decision, as the factory was to have been built in their new industrial park.

Pohnpei has opted to put its main development efforts into two mammoth fishery projects. On 19 April 1990 the state borrowed \$5.1 million under the medium-term note program toward a \$12-million project that includes the purchase of four fishing boats and a fish-processing complex. The loan, secured against future compact revenues, carries an interest rate of 9.57 percent, and will fall due in October 1995.

The second fishery project is a joint venture between Pohnpei state, the FSM's National Fisheries Corporation, and an Australian company, TDC, which is controlled by Theo Kailis, of Kailis and France. Critics noted that the deal involved the purchase of three five-hundred-ton, twenty-year-old purse seiners from the Australian partner, and that the price of nearly \$13 million seemed high. Nevertheless, the three parties signed the agreement papers on 25 May 1990, establishing the joint venture company, the Caroline Fishing Corporation.

During the year in review the FSM continued to shore up its international image. Australia, the Republic of the Philippines, and the Peoples Republic of China have all established embassies in Pohnpei, joining the existing US embassy. Australia has given the FSM its first patrol boat to patrol FSM waters for illegal fishing.

JOAN KING

KIRIBATI

I-Kiribati celebrated the tenth anniversary of independence on 12 July 1990 and took the opportunity to reflect on what had been achieved under the leadership of President Ieremia Tabai. It was a decade of relative political stability, negligible economic growth, increased foreign aid, and a rate of population increase of 2.3 percent per year. Outer island development remained the government's priority, and efforts to attract foreign investment met with mixed results. The powerful and resilient Kiribati culture was a source of strength and at times a problematic asset in national development.

With general elections due early in 1991, the three by-elections held during the first half of 1990 served to increase the political fever. The November 1989 resignation of Dr Harry Tong to return to the medical profession necessitated a by-election in South Tarawa in mid-February 1990. This was won with a clear majority by Roniti Teiwaki, a former minister in the Tabai government and ex-director of the University of the South Pacific Center in Tarawa. Ratin-tera Robata was elected MP for the island of Aranuka after the untimely

death of Minister of Works and Energy Ieruru Karotu, in mid-February. Then on 13 April 1990, the MP for Butaritari, Tamuera Taniera, was lost at sea. The impending by-election in that constituency will put yet another new face in the national legislature, the House of Assembly.

The House of Assembly appears to be divided into three main political groups: the ruling Kiribati National Progressive group (KNP), the Eriko group (previously called the Christian Democratic Party), and a group of independent members. The last two groups have not yet produced coherent policy platforms to counteract those of the governing KNP. The question of who might succeed Tabai, who is constitutionally barred from running again for president, will become clearer after the 1991 elections. The crucial question is whether the 1991 elections will be contested along party lines or on a personal basis as in the past.

The emphasis on outer island development culminated in a two-week national *maroro* (consultation) in early June between the Ministry of Home Affairs and Decentralization and representatives of all the island councils, including the council presidents, clerks, and the *unimane* (traditional leaders). The *maroro* turned out to be a replica of a typical parliamentary session, in which the ministry was bombarded by questions about copra prices, project identification and implementation, the role of the *unimane* in the local government system, appropriate representation for the indigenous Tarawa landowners in the national legislature, and the possible extension of the president's term of office. It was seen in some circles as another ploy by

the government to strengthen its relations with the outer island electors. New Zealand provided the necessary aid to convene the meeting.

The Eriko political faction intensified its attack on the government with allegations of serious mismanagement and corruption by senior individuals in certain statutory bodies and government ministries. The allegations were not substantiated, and two motions to condemn the government for corruption, introduced during the 1989 budget session and in the May session, were soundly defeated in subsequent parliamentary divisions. The 1989–90 parliamentary sessions were characterized more by personal vendettas between Eriko and government members, than by constructive debates on important national issues.

Toward the end of the period under review, the new member for South Tarawa, Roniti Teiwaki, expressed doubt about the viability of the Aloha project, which involves attempts by Air Tuarua to link Honolulu, Christmas Island, Tarawa, and Suva using a leased Aloha Airlines 737 aircraft. Different forms of the project had been tried unsuccessfully five times before, between 1971 and 1986, with catastrophic consequences for the Kiribati treasury. Meanwhile, domestic air travelers complain of unreliable domestic air services because of maintenance problems with local aircraft.

Copra prices remained a hot issue, particularly in light of continuing depressed world prices and a general election looming in 1991. The price had been handsomely subsidized by the Copra Society's reserve fund and the Stabex fund controlled by the government. The Tabai government resisted

strong pressure to transfer control of the Stabex fund to the Copra Society.

The government has been fairly successful in developing small business enterprises that make good use of cheap labor and local resources. The *kamaimai* project, which involves bottling and marketing boiled toddy, is an attempt to diversify coconut production away from copra. Handicraft sales received a major boost in late 1989 with the half-day visit to Tarawa of a ship carrying more than a thousand American tourists. The Bairiki-based cooperative society, the Nanotasi, has successfully run a small garment operation and shows potential for growth. A Small Business Center has been started on Betio under the auspices of the Ministry of Trade, Industry and Labor to provide sites and services for the establishment of small-scale industries.

Foreign investment has been slow to set up sole or joint-venture business operations, with notable exceptions in the banking and telecommunication sectors. The government has seen no reason to alter its existing shareholding arrangement with the Australian Westpac Banking Corporation in the ownership and management of the Bank of Kiribati. Overseas Telecommunications Corporation International of Australia seemed to have sealed its grip as a major partner in the joint-venture arrangement with the government in the Kiribati Telecommunications Company. The Kiribati Supply Company has been incorporated to take over the Supply Division of the Ministry of Finance, but the new company is still 100 percent government owned.

The People's Republic of China set up an office in Tarawa in mid-1990,

adding to the Australian, British, and New Zealand diplomatic presence in Kiribati. Australia continued to provide a major source of developmental assistance, and seven million dollars worth of Australian aid is earmarked for causeway construction in the outer islands. The Tabai government hoped to link all the islets of Tarawa Atoll by causeways before the end of its current term. The resettlement of Fanning and Washington islands in the Line Islands has been made possible by the provision of New Zealand aid. There has been some criticism of these resettlement schemes because of the lack of proper planning for essential services and infrastructure. A loan was negotiated from the People's Republic of China to build a new House of Parliament, although critics argued that local funds should have been committed instead.

There is growing public consciousness of political issues in Kiribati, with the majority of people listening to the evening broadcasts of the House of Assembly proceedings. The people look forward to the 1991 general elections with particular interest, because of the crucial issue of political leadership after the departure of President Ieremia Tabai.

RONITI TEIWAKI

NAURU

The defeat of the Hammer DeRoburt government and a continued decline in the republic's prosperity were the main developments in Nauru during the year.

DeRoburt, elected Nauru's first

president following independence in 1968 and recognized by Nauruans as the virtual founder of the small nation, lost office on 16 August after a vote of no confidence. The nineteen-member parliament elected as president Kenas Aroi, chairman of the Nauru Phosphate Corporation and a former finance minister. Aroi held the presidency only until general elections in December, when parliament elected Bernard Dowiyogo. Dowiyogo was still in office at the end of the period under review.

It was Dowiyogo's second term as president. He had been voted into office in December 1976 after he and some other younger members of parliament reluctantly moved against DeRoburt following vain efforts to get the president to freshen his cabinet with some younger blood. DeRoburt's ouster at that time caused very deep divisions in the small community. Not until April 1978 could DeRoburt supporters force the resignation of the Dowiyogo government, which generally was perceived to have done a workmanlike job. DeRoburt has since faced a number of challenges and has on occasion been out of office. His political opponents regard him with both genuine respect for his achievements and personal integrity, and exasperation, at times anger, at what they see as his authoritarian style and inability to compromise.

In the traditional state-of-the-nation presidential address on 31 January, the twenty-second anniversary of the republic's independence, Dowiyogo painted a somewhat gloomy picture of Nauru. He said there had been "a certain fundamental change of circum-

stances" and there was "real doubt that our people are prospering." The cost of living had increased "drastically," and population pressure was affecting education, medical services, and "social behavior." The quality of Nauru's medical service "left much to be desired," with a continued shortage of medical supplies and substantial government expenditure in sending people overseas for treatment. Nauruans, he said, were not doing enough to support programs that would safeguard their own health. "Our society will find no solution to this problem unless it takes a serious look at its lifestyle," the president warned. "We have given in to instant gratification and consumerism while mostly remaining indifferent to the damage which these cause to our life." Dowiyogo said phosphate royalties for many families had dried up as the phosphate resources were being worked out, and there was insufficient or no employment on the island for them. Absenteeism and inefficiency in the Public Service had to be stopped. Serious school truancy continued.

The president said the financial squeeze on the population was sufficiently serious for the government to examine the possibility of paying landholders an income from earnings generated by the Landowners Royalties Trust Fund, which would normally remain untouched until 1995. The government has built this fund up from phosphate earnings over the years as one means of providing Nauruans with an income when the phosphate is worked out. There have been covetous eyes on it before—DeRoburt has always been strongly opposed to it being touched—and a decision for an

early disbursement would be controversial. No payouts had been made by the end of the review period.

Finance minister Kinza Clodumar budgeted for a deficit of about A\$5.6 million for Nauru in 1990-91, anticipating a drop in phosphate royalties to the government because of declining phosphate sales. The budget provided for expenditure of A\$71.2 million.

On 20 April 1990 the Nauru government filed in the International Court of Justice at The Hague a memorandum giving its reasons why Australia had to take responsibility for the cost of rehabilitating the phosphate lands mined before Nauru's independence. Australia is required to lodge a defense by 21 January 1991. Nauru had given notice to Australia in 1989 that it would take this action unless the two countries came to an agreement on the matter. Nauru filed an initial application to the court on 19 May 1989, and invited Australia to negotiate. But Australia denied it had any responsibility for

rehabilitation and said it would defend the action.

The argument involves damage to about one-third of the island done prior to July 1967, when Nauru took over the phosphate monopoly from the British Phosphate Commissioners. The republic is seeking A\$72 million for rehabilitation. Nauru has set aside its own funds to restore the land damaged later, which is the considerably greater portion.

Whatever the legal strengths of the defense, should the matter be argued in court Australia and its phosphate partners, Britain and New Zealand, would not come out of it looking good. The long history of the exploitation of Nauru's phosphate, which began in 1907, includes some fascinating early chapters on international greed and environmental abuse that would find a critical audience today.

STUART INDER